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PETALING JAYA: Engineering and energy solutions provider Kejuruteraan Asastera Bhd (KAB) expects its sustainable energy solutions (SES) segment to contribute 50% to its bottom line in the coming years, according to managing director Datuk Lai Keng Onn (*pic*).

“For 2023 onwards, we are looking at estimated RM200 million revenue for the whole group and from the SES side, we are looking at steady growth from 20% to 40% in about three to four years’ time.

“The SES segment will be more than 25% (contribution) and steady growth to at about 50% (contribution) of the overall group bottom line,” he told reporters during KAB’s virtual post-EGM press conference last Thursday.

Lai expects the SES segment to grow rapidly and it is one of the businesses that the group will focus on. He anticipates a profit margin of 15% to 25% in the segment, which is better than that of the engineering division. He disclosed that its engineering segment is currently facing challenges in terms of raw material price fluctuations.

On outlook, Lai is positive that the green energy industry will see continuous growth, on the back of high demand and strong support from financial institutions.

“We are ready to tap into the high demand of green energy. I’m positive (of its potential), not only in Malaysia but also in (the) Southeast Asia region,” he remarked.

Growth in its SES segment is underpinned by the recognition of potential concession revenue of more than RM500 million until 2046 from existing contracts in Malaysia and Thailand, as well as ongoing acquisitions.

Revenue will be generated from its growing asset portfolio in clean energy generation, renewable energy generation, and provision of energy efficient solutions.

Its SES segment reported a revenue of RM6.8 million for financial year



ended Dec 31, 2021 (FY21). The first half ended June 30, 2022 exceeded the FY21 SES segment’s revenue with RM8.2 million and is slated to exponentially expand going forward.

“In addition to our existing SES business, we are in discussions with asset owners as well as potential clients for more acquisitions and projects in Malaysia and regionally. Currently, our estimated capital expenditure for existing contracts and potential projects amount to RM52.3 million for solar PV (photovoltaic) projects of over 17,000kWp in capacity, and RM220 million for clean energy projects of up to 65MW,” said Lai.

The group’s shareholders also approved a proposed private

placement of up to 361.6 million new shares, representing about 20% of the group’s existing issued shares. The independent investors and issue price would be determined at a later date.

As at Nov 14, the group has 14 solar contracts in Malaysia and Thailand with combined capacity of 17,318kWp, comprising concession projects until 2046 with total estimated concession value of RM146.8 million as well as direct installation projects.

The solar contracts include the recent acquisition of Matahari Suria Sdn Bhd with existing power purchase contract with Tenaga Nasional Bhd until 2037, and signing of two 20-year solar power purchase agreements with Nextgreen Pulp & Paper Sdn Bhd.